



General Assembly

January Session, 2001

Amendment

LCO No. 8861

Offered by:

SEN. LOONEY, 11th Dist.

SEN. PETERS, 20th Dist.

To: Subst. Senate Bill No. 1178

File No. 660

Cal. No. 428

***"AN ACT CONCERNING PROPERTY TAX EXEMPTIONS FOR
MANUFACTURING MACHINERY AND EQUIPMENT, A
MORATORIUM ON CHANGING ASSESSMENT METHODS FOR
CERTAIN UTILITY PROPERTY AND FIXING OF ASSESSMENTS
FOR ELECTRIC GENERATING FACILITIES."***

1 Strike out everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. Subdivision (70) of section 12-81 of the general statutes is
4 repealed and the following is substituted in lieu thereof:

5 (70) New machinery and equipment used directly in the
6 manufacturing of goods or products and acquired through purchase
7 by any business organization or any affiliate of such business
8 organization as part of a technological upgrading of the manufacturing
9 process at a location in a distressed municipality, targeted investment
10 community, as defined in section 32-222, or enterprise zone designated
11 pursuant to section 32-70, and for which an eligibility certificate has
12 been issued by the Department of Economic and Community

13 Development, which business organization (A) is engaged in the
14 manufacturing, processing or assembling of raw materials, parts or
15 manufactured products, (B) has been in continuous operation in the
16 state for a period not less than five years prior to claiming the
17 exemption provided in this subdivision, (C) had gross receipts in an
18 amount less than twenty million dollars in the year prior to claiming
19 the exemption provided in this subdivision, including receipts of any
20 affiliates of the business organization, and (D) has incurred costs in
21 acquiring such machinery and equipment not less than the greater of
22 (i) two hundred thousand dollars or (ii) two hundred per cent of the
23 business organization's and affiliate's average expenditure for the
24 acquisition of machinery and equipment used directly in the
25 manufacturing of goods or products at the location in the distressed
26 municipality, targeted investment community or enterprise zone
27 designated pursuant to section 32-70 during the three years prior to
28 claiming the exemption provided in this subdivision, as follows: To the
29 extent of fifty per cent of its valuation for purposes of assessment in
30 each of the five full assessment years following the assessment year in
31 which such machinery and equipment is acquired. Any person who
32 desires to claim the exemption provided in this subdivision shall file
33 annually with the assessor or board of assessors in the distressed
34 municipality, targeted investment community or enterprise zone
35 designated pursuant to section 32-70 in which the business
36 organization is located, on or before the first day of November, written
37 application claiming such exemption on a form prescribed by the
38 Secretary of the Office of Policy and Management. Failure to file such
39 application in this manner and form within the time limit prescribed
40 shall constitute a waiver of the right to such exemption for such
41 assessment year, unless an extension of time is allowed pursuant to
42 section 12-81k, and upon payment of the required fee for late filing. No
43 person shall be eligible to receive the exemption provided in this
44 subdivision if such exemption is sought for machinery and equipment
45 located in a manufacturing facility as defined in subsection (d) of
46 section 32-9p, currently receiving assistance under subdivisions (59)
47 and (60) of section 12-81, and no person shall receive such exemption

48 for eligible machinery or equipment at each location in a distressed
49 municipality, targeted investment community or enterprise zone
50 designated pursuant to section 32-70 more than once in any continuous
51 five-year period. The state and the municipality and district shall hold
52 a security interest, as defined in subdivision (37) of section 42a-1-201,
53 in any machinery or equipment which is exempt from taxation
54 pursuant to this subsection, in an amount equal to the tax revenue
55 reimbursed or lost, as the case may be, which shall be subordinate to
56 any purchase money security interest, as defined in section 42a-9-107.
57 Such security interest shall be enforceable against the taxpayer for a
58 period of five years after the last assessment year in which such
59 exemption was received in any case in which the business organization
60 ceases all business operations or moves its business operations entirely
61 out of this state. The assessor of the town in which manufacturing
62 operations of a business organization that has received the exemption
63 under this subdivision is located shall provide written notification to
64 said secretary of the cessation of such operations or the move of such
65 operations entirely out of the state. Such notification may be made at
66 any time after the October first of the last assessment year in which
67 such exemption is received and before the September thirtieth that is
68 five years after the conclusion of said assessment year. Upon receiving
69 such a notification, the secretary shall promptly file a notice of lien
70 upon personal property, under part 4 of article 9 of title 42a, to
71 recapture the amount of tax revenue reimbursed. Such notice of lien,
72 once perfected, shall have priority over all previously perfected liens
73 and security interests and other encumbrances of record under the
74 Connecticut Uniform Commercial Code other than loans that secure
75 debt related to the purchase, assembly, construction or installation of
76 the machinery or equipment. If more than one agency of the state
77 perfects such a notice of lien on the same day, the priority of such liens
78 shall be determined by the time of day such liens were perfected, and
79 if perfected at the same time, the lien for the highest amount shall take
80 precedence. In addition to the other remedies provided in this
81 subdivision, the Attorney General, upon request of the secretary, may
82 bring a civil action in a court of competent jurisdiction to recover the

83 amount of tax revenue reimbursed by the state from any person who
84 received an exemption under this subdivision.

85 Sec. 2. (NEW) Any electric generating facility the construction of
86 which is completed after July 1, 1998, may be treated for purpose of
87 section 32-71 of the general statutes as if it were located in an
88 enterprise zone and used for commercial or retail purposes.
89 Notwithstanding the provisions of said section 32-71, upon the
90 approval of a municipalities' legislative body, the full amount of either
91 assessments or taxes may be fixed for the real and personal property
92 of such electric generating facility both during and after the
93 construction period, provided such assessments or taxes so fixed
94 represent an approximation of the projected tax liability of such facility
95 based on reasonable estimation of its fair market value as determined
96 by the municipality upon the exercise of its best efforts.

97 Sec. 3. (NEW) As used in section 2 of this act, "electric generating
98 facility" means a facility, as defined in subdivision (3) of subsection (a)
99 of section 16-501 of the general statutes.

100 Sec. 4. Subdivision (60) of section 12-81 of the general statutes is
101 repealed and the following is substituted in lieu thereof:

102 (60) (a) (1) Machinery and equipment which represents an addition
103 to the assessment or grand list of the municipality in which this
104 exemption is claimed and is installed in any manufacturing facility, as
105 defined in section 32-9p, which facility is or has been constructed, or
106 substantially renovated or expanded on or after July 1, 1978, in a
107 distressed municipality or targeted investment community or
108 enterprise zone designated pursuant to section 32-70 and for which an
109 eligibility certificate has been issued by the Department of Economic
110 and Community Development, concurrently with and directly
111 attributable to such construction, renovation or expansion, (2)
112 machinery and equipment which represents an addition to the
113 assessment or grand list of the municipality in which this exemption is
114 claimed and is installed, or machinery and equipment existing, in any

115 manufacturing facility, as defined in section 32-9p, which facility is or
116 has been acquired on or after July 1, 1978, in a distressed municipality,
117 targeted investment community or enterprise zone designated
118 pursuant to section 32-70 and for which an eligibility certificate has
119 been issued by the Department of Economic and Community
120 Development, and (3) machinery and equipment acquired and
121 installed on or after October 1, 1986, in a manufacturing facility that is
122 or has at one time been certified as eligible for the exemption under
123 this subparagraph in accordance with section 32-9r, and which
124 continues to be used for manufacturing purposes, provided such
125 machinery and equipment is installed in conjunction with an
126 expansion program that satisfies the requirements for a manufacturing
127 facility, as defined in section 32-9p, and is contiguous to and represents
128 an increase in square feet of floor space of not less than fifty per cent of
129 the floor space in the certified manufacturing facility, as follows: To the
130 extent of eighty per cent of its valuation for purposes of assessment in
131 each of the five full assessment years for which the manufacturing
132 facility in which it is installed qualifies for an exemption under
133 subdivision (59) of this section, except that a facility having a code
134 classification 2833 or 2834 in the Standard Industrial Code
135 Classification Manual, United State Office of Management and Budget,
136 1987 edition, wherein at least one thousand new full-time employees,
137 as defined in subsection (f) of section 32-9j, are employed, shall be
138 eligible to have the assessment period under this subdivision extended
139 for five additional years upon the approval of the commissioner,
140 provided the commissioner approves an extension of the assessment
141 period under subdivision (59) of this section for said facility;

142 (b) (1) Machinery and equipment which represents an addition to
143 the assessment or grand list of the municipality in which this
144 exemption is claimed and is installed in any service facility, as defined
145 in section 32-9p, which facility is or has been constructed, or
146 substantially renovated or expanded on or after July 1, 1996, and for
147 which an eligibility certificate has been issued by the Department of
148 Economic and Community Development, concurrently with and

149 directly attributable to such construction, renovation or expansion, (2)
150 machinery and equipment which represents an addition to the
151 assessment or grand list of the municipality in which this exemption is
152 claimed and is installed, or machinery and equipment existing, in any
153 service facility, as defined in section 32-9p, which facility is or has been
154 acquired on or after July 1, 1996, and for which an eligibility certificate
155 has been issued by the department, and (3) machinery and equipment
156 acquired and installed on or after July 1, 1996, in a service facility that
157 is or has at one time been certified as eligible for the exemption under
158 this subparagraph in accordance with section 32-9r and which
159 continues to be used for service purposes, provided such machinery
160 and equipment is installed in conjunction with an expansion program
161 that satisfies the requirements for a service facility, as defined in
162 section 32-9p, and is contiguous to and represents an increase in
163 square feet of floor space of not less than fifty per cent of the floor
164 space in the certified service facility, as follows: (i) In the case of an
165 investment of twenty million dollars or more but not more than thirty-
166 nine million dollars in the service facility, to the extent of forty per cent
167 of its valuation for purposes of assessment in each of the five full
168 assessment years for which the service facility in which it is installed
169 qualifies for an exemption under subdivision (59) of this section; (ii) in
170 the case of an investment of more than thirty-nine million dollars but
171 not more than fifty-nine million dollars in the service facility, to the
172 extent of fifty per cent of its valuation for purposes of assessment in
173 each of the five full assessment years for which the service facility in
174 which it is installed qualifies for an exemption under subdivision (59)
175 of this section; (iii) in the case of an investment of more than fifty-nine
176 million dollars but not more than seventy-nine million dollars in the
177 service facility, to the extent of sixty per cent of its valuation for
178 purposes of assessment in each of the five full assessment years for
179 which the service facility in which it is installed qualifies for an
180 exemption under subdivision (59) of this section; (iv) in the case of an
181 investment of more than seventy-nine million dollars but not more
182 than ninety million dollars in the service facility, to the extent of
183 seventy per cent of its valuation for purposes of assessment in each of

184 the five full assessment years for which the service facility in which it
185 is installed qualifies for an exemption under subdivision (59) of this
186 section; or (v) in the case of an investment of more than ninety million
187 dollars in the service facility, to the extent of eighty per cent of its
188 valuation for purposes of assessment in each of the five full assessment
189 years for which the service facility in which it is installed qualifies for
190 an exemption under subdivision (59) of this section, except that any
191 financial institution, as defined in section 12-217u, having at least four
192 thousand qualified employees, as determined in accordance with an
193 agreement pursuant to subdivision (3) of subsection (n) of section 12-
194 217u, shall be eligible to have the assessment period extended for five
195 additional years upon approval of the commissioner, in accordance
196 with all applicable regulations, provided such full-time employees
197 have not been relocated from another facility in the state operated by
198 the same eligible applicant. In no event shall the definition of qualified
199 employee be more favorable to the employer than the definition
200 provided in section 12-217u;

201 (c) This exemption shall terminate for the assessment year next
202 following if the manufacturing facility or service facility in which such
203 machinery and equipment is installed no longer qualifies for an
204 exemption under said subdivision (59), and there shall not be a pro
205 rata application of the exemption of such machinery and equipment in
206 the assessment year of such termination. Any person who desires to
207 claim the exemption provided in this subdivision shall file annually
208 with the assessor or board of assessors in the distressed municipality,
209 targeted investment community or enterprise zone designated
210 pursuant to section 32-70 in which the manufacturing facility or service
211 facility is located, on or before the first day of November, written
212 application claiming such exemption on a form prescribed by the
213 Secretary of the Office of Policy and Management. Failure to file such
214 application in this manner and form within the time limit prescribed
215 shall constitute a waiver of the right to such exemption for such
216 assessment year, unless an extension of time is allowed pursuant to
217 section 12-81k, and upon payment of the required fee for late filing.

218 This exemption shall not apply to rolling stock.

219 Sec. 5. This act shall take effect from its passage, except that section
220 1 shall take effect July 1, 2001, and shall be applicable with respect to
221 property tax exemptions for the October 1, 2000, assessment year and
222 each subsequent assessment year."